

A BILL FOR AN ACT

RELATING TO PRESCRIPTION DRUGS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that prescription drugs
2 have become unaffordable, especially for the elderly, disabled
3 persons, and individuals on fixed incomes. The legislature is
4 further aware that most drug companies offer low- or no-cost
5 drugs for target groups. However, these programs are often
6 inadequate in that they only offer certain drugs at minimal
7 discount or require the individual to obtain reimbursement only
8 after spending full price for the drug. The legislature further
9 finds that other states have been successful in offering rebate
10 programs without high cost to the users and residents of the
11 state. The legislature agrees that it is necessary and
12 appropriate to provide some relief for the high cost of
13 prescription drugs by utilizing rebates and start-up general
14 appropriations, for which reimbursement will be sought through
15 pharmaceutical rebates and federal reimbursement programs

16 The purpose of this Act is establish a prescription drug
17 expansion program under medicaid to make prescription drugs more

1 affordable for those individuals whose income is at or below
2 three hundred per cent of the federal poverty level.

3 SECTION 2 Chapter 346, Hawaii Revised Statutes, is
4 amended by adding a new section to be appropriately designated
5 and to read as follows:

6 "§346- Medicaid prescription drug expansion program;
7 medicaid prescription drug rebate special fund. (a) The
8 department shall provide for an expansion of prescription drug
9 benefits under the medicaid program, which shall offer
10 discounted prescription drugs to qualified individuals whose
11 income is at or below three hundred per cent of the federal
12 poverty level.

13 (b) There is established within the state treasury the
14 medicaid prescription drug rebate special fund to be
15 administered by the department, into which shall be deposited:

16 (1) All moneys received by the State as rebates from
17 pharmaceutical manufacturers under the medicaid
18 prescription drug expansion program; and

19 (2) Appropriations made by the legislature.

20 (c) Moneys in the medicaid prescription drug rebate
21 special fund shall be used for the following purposes:

22 (1) Expanding medicaid prescription drug benefits; and

1 (2) Administering and operating the medicaid prescription
2 drug expansion program.

3 (d) Upon dissolution of the medicaid prescription rebate
4 special fund, any unencumbered moneys in the fund shall lapse to
5 the general fund."

6 SECTION 3. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$1,500,000 or so much
8 thereof as may be necessary for fiscal year 2002-2003 to be
9 deposited into the medicaid prescription drug rebate special
10 fund.

11 SECTION 4. There is appropriated out of the medicaid
12 prescription drug rebate special fund the sum of \$1,500,000 or
13 so much thereof as may be necessary for fiscal year 2002-2003
14 for the following purposes:

15 (1 Paying \$1 to a participating pharmacist under the
16 medicaid program for each prescription written for a
17 qualified individual; provided that:

18 (A) The department of human services obtains a waiver
19 from the federal government to provide
20 prescription drugs at medicaid rates to qualified
21 individuals; and

(B) "Qualified individual" means an individual whose income is at or below three hundred per cent of the federal poverty level;

(2) Administrative costs associated with the medicaid prescription drug expansion program, including salary and benefits of eight full-time equivalent employees and related operating costs including lease rent, equipment, consultant contracts, and contractual services of the medicaid pharmacy fiscal agent.

The sum appropriated shall be expended by the department of human services for the purposes of this Act.

SECTION 5. The general funds appropriated in section 3 shall be reimbursed by the medicaid prescription drug rebate special fund by June 30, 2005, consistent with the fiscal resources of the fund and the best interests of the medicaid prescription drug expansion program.

SECTION 6. New statutory material is underscored.

SECTION 7. This Act shall take effect on July 1, 2002

ADMINISTRATION
SECRET - CIVIL SERVICE

APPROVED BY THE
GOVERNOR ON

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